

Message Text

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SUBJECT: 1975/76 CAP SUPPORT PRICE PROPOSALS

1. BEGIN SUMMARY. THE EC COMMISSION HAS PROPOSED THAT THE CAP SUPPORT PRICES BE INCREASED BY AN AVERAGE OF 10 PERCENT FOR THE 1975/76 MARKETING YEAR. THE TARGET PRICES FOR SOFT WHEAT, CORN AND SOYBEANS WOULD BE RAISED BY 10 PERCENT, 11 PERCENT, AND 12 PERCENT, RESPECTIVELY. THE COMMISSION ALSO PROPOSED A SUBSIDY FOR CATTLE PRODUCERS OF 30 U.A. PER HEAD FOR CATTLE SLAUGHTERED. IN CONJUNCTION WITH ITS PRICE PROPOSALS, THE COMMISSION PROPOSES CERTAIN MONETARY ADJUSTMENTS IN THE AGRICULTURAL SECTOR WHICH WOULD MAKE THE PRICE INCREASES IN GERMANY AND THE BENELUX LESS IN TERMS OF NATIONAL CURRENCIES AND WOULD ACCENTUATE THEM IN FRANCE IN TERMS OF FRENCH FRANCS. END SUMMARY.

2. ON NOVEMBER 28, THE EC COMMISSION SUBMITTED TO THE COUNCIL ITS PROPOSALS ON THE 1975/76 CAP SUPPORT PRICES. THESE PROPOSALS PROVIDE FOR AN AVERAGE INCREASE IN SUPPORT PRICE LEVELS OF 10 PERCENT. GRAIN SUPPORT PRICES WOULD RISE BY 9 TO 12 PERCENT, WITH THE HIGHEST INCREASES FOR CORN AND RYE. THE TARGET PRICE
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FOR SOYBEANS WOULD BE RAISED BY 12 PERCENT.

3. THE PROPOSED INCREASES IN PERCENTAGE TERMS, AS ANNOUNCED BY THE COMMISSION ON NOVEMBER 28, 1974, ARE LISTED BELOW. DETAILS ON THE ABSOLUTE LEVELS OF THE PROPOSED PRICES WILL BE TRANSMITTED BY CABLE AS SOON AS THE TEXTS OF THE PROPOSALS BECOME AVAILABLE.

	TARGET PRICE (PERCENT)	INTERVENTION PRICE (PERCENT)
SOFT WHEAT	10	9
RAYE	12	12
DURUM	8	
CORN	11	11
BARLEY	10	10
RICE	8	6
SUGAR	16 (8 PERCENT ON FEB.1: 8 PERCENT ON JULY 1)	
SOUBEANS	12	
RAPESEED	11	11
SUNFLOWERSEED	12	12
OLIVE OIL	15	
MILK	10 (6 PERCENT ON FEB. 1; 4 PERCENT ON SEPT. 1)	
BUTTER	12.5 (6 PERCENT ON FEB.1; 6.5 PERCENT ON SEPT. 1)	
SKIM MILK POWDER		7.2
CATTLE	7 (ORIENTATION PRICE)	4.5
PORK	11(BASE PRICE)	
APPLES AND PEARS	9 (BASE PRICE)	

4. THE SUPPORT PRICES FOR THE VARIOUS TYPES OF TOBACCO WOULD BE INCREASED BY 1 TO 12 PERCENT, WITH AN AVERAGE INCREASE OF 3 PERCENT. SUBSIDIES FOR DEHYDRATED FODDER, COTTONSEED, FLAX AND HEMP, AND SEEDS WOULD BE INCREASED AS FOLLOWS: DEHYDRATED FODDER- 27 PERCENT; COTTONSEED - 9 PERCENT ; FLAX AND HEMP - 12 PERCENT; SEEDS - 10 PERCENT.

5. THE PRICE PROPOSAL FOR BEEF APPARENTLY IS LINKED TO A MODI-
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FICATION OF THE BEEF INTERVENTION SYSTEM, BECAUSE THE PROPOSED INTERVENTION PRICE WOULD BE EQUAL TO 91 PERCENT OF THE ORIENTATION PRICE INSTEAD OF 93 PERCENT AS SET FORTH IN THE PRESENT BASIC REGULATION. IN ADDITION, THE COMMISSION PROPOSES THAT THE PURCHASE PRICES UNDER THE SO-CALLED PERMANENT INTERVENTION SYSTEM, WHICH APPLIES ONLY TO CERTAIN CUTS AND QUALITIES OF BEEF, NOT BE INCREASED.
TO COMPENSATE, THE COMMISSION PROPOSES A SUBSIDY OF 30 U. A.

PER HEAD OF "CLEAN MALE CATTLE" SLAUGHTERED.

6. THE COMMISSION'S PROPOSALS INCLUDE PROPOSED ADJUSTMENTS IN THE CONVERSION RATES BETWEEN THE UNIT OF ACCOUNT, ON THE ONE HAND, AND THE DEUTSCH MARK, BELGIAN, LUXEMBOURG AND FRENCH FRANCS, AND THE DUTCH GUILDER, ON THE OTHER HAND. THE GERMAN AND BENELUX CURRENCIES WOULD BE REVALUED RELATIVE TO THE UNIT OF ACCOUNT AND THE FRENCH FRANC WOULD BE DEVALUED. THESE ADJUSTMENTS ARE INTENDED TO ELIMINATE THE MONETARY COMPENSATORY AMOUNTS (EQUAL TO 2.7 PERCENT) APPLIED BY THE BENELUX COUNTRIES AND TO REDUCE THE GERMAN AND

FRENCH COMPENSATORY AMOUNTS THE GERMAN MCA' S WOULD BE DROPPED FROM 12 PERCENT TO 7 PERCENT). HOWEVER, THE ADJUSTMENTS WOULD ALSO MEAN THAT THE PRICE INCREASES IN TERMS OF NATIONAL CURRENCIES WOULD BE LESS IN GERMANY AND THE BENELUX AND GRATER IN FRANCE, THAN FOR THE EC AS A WHOLE.

7. WE WILL COMMENT IN MORE DETAIL ON THE COMMISSION'S PRICE PROPOSALS AND RELATED MATTERS WHEN THE TEXTS BECOME AVAILABLE WE NOTE THAT BEFORE THE COMMISSION ANNOUNCED ITS PRICE PROPOSALS, SOME MEMBER STATE FARM ORGANIZATIONS ASKED FOR PRICE INCREASES OF AT LEAST 15 PERCENT. COPA REPORTEDLY HAS NOT YET ADOPTED A POSITION.
MYERSON

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